

Comprehensive Annual Financial Report

of the

City of West Orange, Texas

**Fiscal Year Ended
September 30, 2015**



Officials Issuing Report

**Roy McDonald
Mayor**

**Theresa Van Meter
City Secretary**

CITY OF WEST ORANGE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2015

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CITY OF WEST ORANGE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2015

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City of West Orange

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www.cityofwestorange.com

January 4, 2016

Honorable Members of the City Council
City of West Orange, Texas

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the comprehensive annual financial report of the City of West Orange, Texas (the "City") for the fiscal year ended September 30, 2015, is hereby submitted.

The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. The report consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we believe the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by **Sandersen Knox & Co., L.L.P.**, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended September 30, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis ("MD&A") is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1954, is located in the eastern part of the state, currently occupies a land area 3.2 square miles and serves a population of 3,549. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by City Council.

The City of West Orange has adopted a Mayor-Council form of government. The Council, vested with policy-making and legislative authority, is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term, with no term limits. The Mayor and two Council members are elected on one rotation (every odd year), and the three remaining Council members are on a separate rotation (elected in even years). City Council is responsible, among other things, for passing ordinances, adopting the budget and the hiring of the City's management and attorney.

The City provides a full range of municipal services: public safety (police and fire protection), public improvements, sanitation, repair and maintenance of infrastructure, recreation and general administrative services. As an independent political subdivision of the State of Texas governed by an elected Mayor and Council, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds for which the City, as the primary government, is accountable.

The annual budget serves as the foundation for the City's financial planning and control. Department heads are required to submit requests for appropriation to the Mayor in June or July of each year. The Mayor then presents the proposed budget to Council for review. The Council is required to hold a public hearing on the proposed final budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety) and department (e.g. police). Department heads make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of Council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The City has adopted a budget for the General Fund, but not the Special Revenue Funds. The City also utilizes an encumbrance accounting system to aid in accomplishing budgetary control. Unencumbered amounts lapse at year-end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

LOCAL ECONOMY

The City of West Orange is home to a small group of industries. Major industries and business activities in the area include healthcare, metals, oil and gas services and a variety of general retail operations. The top two taxpayers account for approximately 14.0% of assessed valuation in the City.

The City is also a major retail trade area for building materials, general merchandise, food stores and restaurants.

Net taxable value for all residential and commercial property in the City was approximately \$125.6 million for fiscal year 2015, which is a decrease of approximately \$438,000 from the previous fiscal year.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund amounted to \$3,397,293 as of September 30, 2015. The City plans on continuing to build up fund balance in order to finance future capital projects as they arise.

ACCOUNTING SYSTEMS AND BUDGETING CONTROL

Accounting Systems

The City's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues recorded when available and measurable and expenditures recorded when the services and goods are received and the liabilities are incurred. The City has no proprietary activities, which are maintained on the accrual basis of accounting.

Consideration of adequate internal accounting controls has been made in designing the City's accounting system. Internal accounting controls, instituted by the Mayor and Council as part of the accounting system, are designed to provide reasonable assurances that assets are properly safeguarded against loss from unauthorized use or disposition, that financial records used in preparation of the financial statements are reliable, and that accountability for the City's assets is maintained. The concept of reasonable assurance in relation to internal controls recognizes that the cost of a control process should not exceed the benefits derived from the performance of related procedures and that the City's management must make estimates and judgments in evaluating the cost and benefit relationships relating to internal control processes and procedures that become a part of the City's accounting system.

Budgetary Compliance

Because budgetary compliance is significant in managing governmental activities, budgetary compliance controls are critical. The objective of these controls is to ensure compliance with legal spending limits in annual or project appropriated budgets approved by City Council. The City Charter provides that the City Council shall adopt annual or project budgets every fiscal year for all City funds. The budgets are prepared and maintained by City management.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Council. Annual appropriated budgets are adopted for the General Fund. The original budget is adopted by the City Council prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to another activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

Budgetary Controls

During the year, expenditure controls are maintained by each department with review of the budget provided by the Mayor and overall control exercised by the Mayor and Council. Constant review of revenue and expenditure estimates is performed to assure the integrity of the adopted budget and to assure funds are available to meet current obligations. As a result of this review, it is possible to exercise administrative budgetary controls throughout the year. As demonstrated by the financial statements presented in this report, the City continues to meet its responsibility for sound financial management.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. This was the eighteenth consecutive year that the City has received this prestigious award. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for its review.

In closing, without the dedication of the employees and the direction of the members of the City Council, preparation of this report would not have been possible. As Mayor, I want to express my sincere appreciation to our employees, who have continually demonstrated their professionalism and abilities in the management of the finance function. I also want to thank the Members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Roy McDonald
Mayor

CITY OF WEST ORANGE, TEXAS

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN
FINANCIAL REPORTING**

September 30, 2014 (Prior Fiscal Year)

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of West Orange
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2014

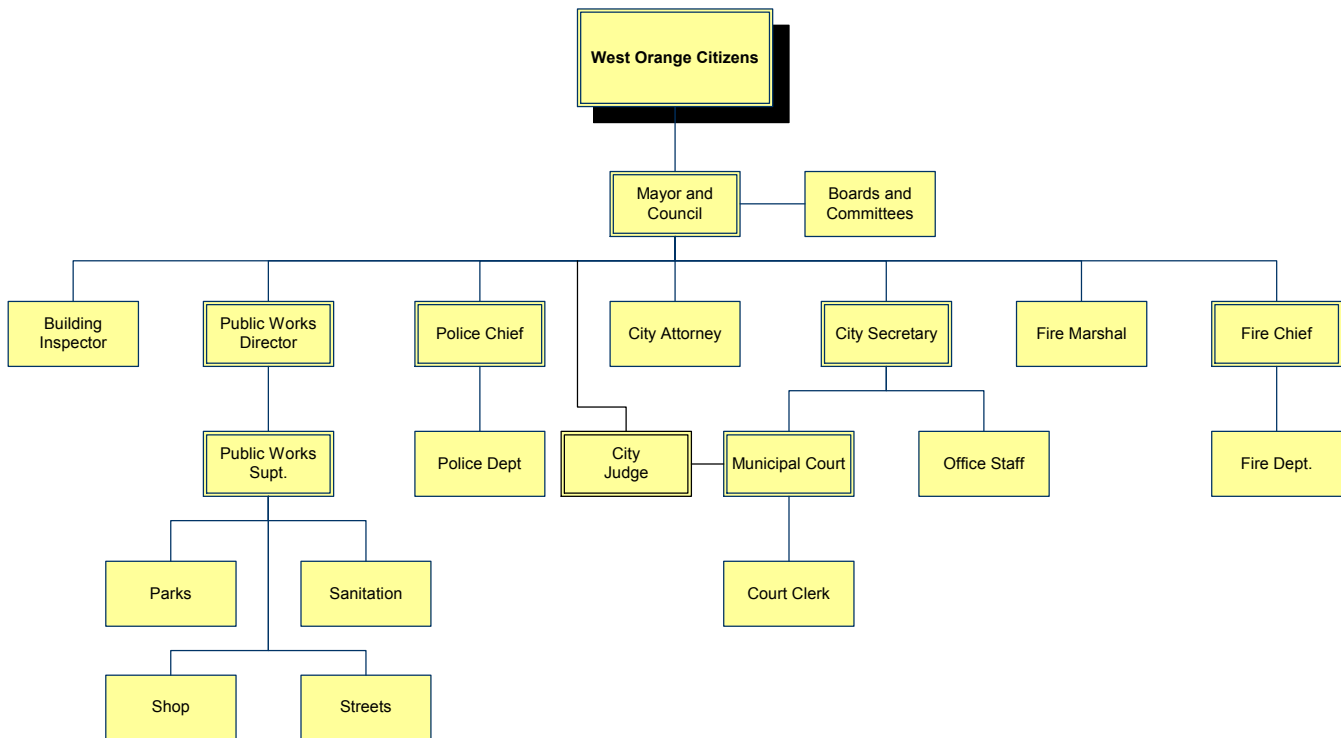
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director/CEO

CITY OF WEST ORANGE, TEXAS

ORGANIZATIONAL CHART

Fiscal Year 2014-2015



CITY OF WEST ORANGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2015

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Roy McDonald	Mayor	2017
Shirley Bonnin	Council Member (Mayor Pro Tem)	2016
Dale Dardeau	Council Member	2016
Frances Drodgy-Lopez	Council Member	2017
Carl Thibodeaux	Council Member	2017
Mike Shugart	Council Member	2016

<u>Key Staff</u>	<u>Position</u>
Theresa Van Meter	City Secretary *
Joe Alford	City Attorney *
Michael Stelly	Police Chief *
Randy Veitch	Fire Chief *
Ralph "Gene" Roberts	City Judge *
Dean Fuller	Fire Marshal/Building Inspector *
Michael Stelly	Director of Public Works *

* - City Council Appointive Position

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FINANCIAL SECTION

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Independent Auditors' Report

To the Honorable Mayor and
Members of City Council
City of West Orange, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Orange, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of West Orange, Texas's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Orange, Texas, as of September 30, 2015, and the respective

changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information on page 40 and pension information on pages 42-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Orange, Texas's basic financial statements. The introductory section, combining nonmajor and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor and individual fund financial statements and schedules on pages 50 to 57 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink, appearing to read "Sugar Land & Co.", is written in a cursive style.

Sugar Land, Texas
January 4, 2016

Management's Discussion and Analysis

As management of the City of West Orange, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,137,450 (net position).
- As of September 30, 2015, the City's governmental funds reported an ending fund balance of \$3,648,629.
- The City's cash balance at September 30, 2015, was \$3,663,004, representing an increase of \$649,009 from September 30, 2014.
- The City had expenses net of program revenue of \$2,372,475 and general revenues of \$2,765,007, resulting in a net increase in net position of \$392,532 for the year ended September 30, 2015.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$3,396,958, or 126.7 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The government-wide financial statements present functions of the City that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 15 through 17 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City consist solely of governmental funds (the General Fund and Special Revenue Funds).

Governmental Funds - Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and *governmental activities*. The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 38 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's General Fund budget and the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 40 through 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$5,137,450 as of September 30, 2015.

The largest portion of the City's net position (59.9 percent) reflects its net investment in capital assets (e.g. land, buildings, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the individuals it serves; consequently, these assets are not available for future spending.

Additionally, a portion of the City's net position (4.9 percent) represents restricted financial resources to be used for hotel/motel promotions, public safety and public works.

Lastly, a portion of the City's net position (35.2 percent) represents unrestricted financial resources available for future operations.

SUMMARY OF STATEMENT OF NET POSITION
As of September 30, 2015 and 2014

	Governmental Activities	
	2015	2014
Current and other assets	\$ 3,880,426	\$ 3,217,471
Capital assets, net	3,076,327	3,306,841
Total Assets	6,956,753	6,524,312
Deferred outflows of resources	313,566	173,218
Total Deferred Outflows of Resources	313,566	173,218
Long-term liabilities	272,771	258,886
Other liabilities	1,860,098	1,693,726
Total Liabilities	2,132,869	1,952,612
Net Position:		
Net investment in capital assets	3,076,327	3,306,841
Restricted	250,735	253,019
Unrestricted	1,810,388	1,185,058
Total Net Position	\$ 5,137,450	\$ 4,744,918

As of September 30, 2015, deferred outflows of resources increased by \$140,348, or 81.0%, from the prior year. This increase can be attributed to the implementation of Governmental Accounting Standards Board Statement No. 68 ("GASB 68") and Governmental Accounting Standards Board Statement No. 71 ("GASB 71") in fiscal year 2015. GASB 68 and GASB 71 required the recording deferred outflows of resources for differences between expected and actual economic experience and projected and actual investment earnings, relating to pension activities.

As of September 30, 2015, other liabilities increased by \$166,372 or 9.8% from the prior year. This increase can mainly be attributed to a \$141,281 increase in the net pension liability during the 2015 fiscal year.

Net position of the City, all of which relates to governmental activities, increased by \$392,532. Key elements of the increase are as follows:

CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2015 and 2014

	Governmental Activities	
	2015	2014
Revenues		
Program revenues:		
Charges for services	\$ 555,673	\$ 524,558
Operating grants and contributions	2,732	10,272
General revenues:		
Property taxes, penalties and interest	543,935	548,194
Other taxes	1,405,445	1,345,893
Payments in lieu of property taxes	665,531	633,334
Investment earnings	914	1,329
Other	149,182	58,427
Total Revenues	3,323,412	3,122,007
Expenses		
General government	526,326	502,674
Public safety	1,386,884	1,323,532
Public works	1,017,670	1,089,369
Total Expenses	2,930,880	2,915,575
Change in Net Position	392,532	206,432
Net Position, Beginning	4,744,918	4,538,486
Net Position, Ending	\$ 5,137,450	\$ 4,744,918

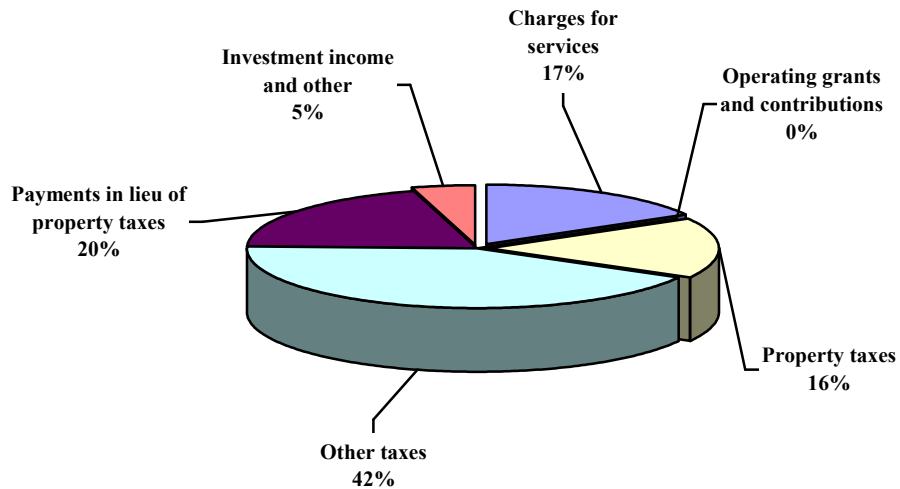
This \$392,532 increase in net position is primarily a result of increased sales tax revenues and industrial payments in lieu of property tax revenues due to economic growth during the current fiscal year.

During the 2015 fiscal year, other revenues increased by \$90,755 or 155.3% mainly due to monies received from the BP Oil Spill Settlement in the amount of \$123,738.

During the 2015 fiscal year, public works expenses decreased by \$71,699 or 6.6% mainly due to budgeted items not being purchased during the fiscal year due to alternate available opportunities.

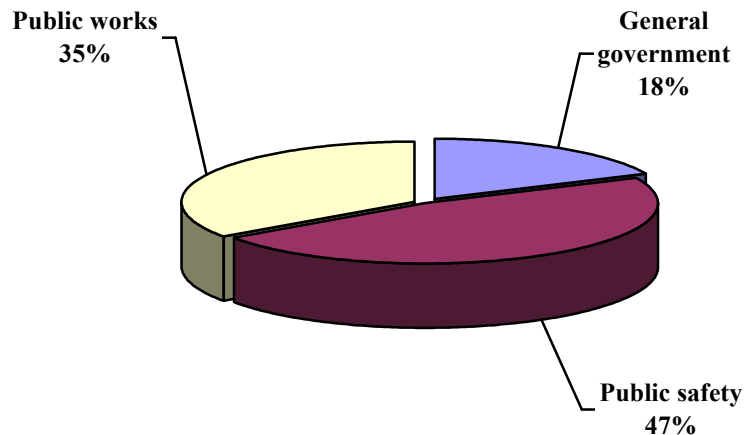
Graphic presentations of selected current year data from the changes in net position table follow in order to assist in the analysis of the City's activities.

GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2015, revenue from governmental activities totaled \$3,323,412.

GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2015, expenses from governmental activities totaled \$2,930,880, the largest portions of which relate to public safety (47.3%) and public works (34.7%).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously noted, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's governmental funds are discussed below:

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of September 30, 2015, the City's governmental funds, which consist of a general fund and special revenues funds, reported an ending fund balance of \$3,648,629, which is an increase of \$634,282 from last year's total of \$3,014,347. The General Fund, the City's main operating fund, had an ending fund balance of \$3,431,745, a \$636,916 increase from the prior year. This increase in fund balance can mainly be attributed to various actual revenues in excess of budgeted amounts of approximately \$339,000, as well as actual expenditures in various departments being significantly less than budgeted amounts in 2015. Revenues in excess of amounts budgeted for sales taxes, franchise fees and other revenue account for approximately \$287,000 of this excess and can be attributed in economic growth during the 2015 fiscal year. Significant differences between final budgeted amounts and actual expenditures in various departments are discussed in the following paragraph.

In fiscal year 2015, the City planned for a decrease in fund balance in the General Fund of \$561,370, however, the actual change in fund balance was an increase of \$636,916. For the 2015 fiscal year, City Administration actual expenditures were less than final budgeted amounts by \$132,584, which is mainly due to budgeted employee positions that were not filled. Police actual expenditures in 2015 were less than budgeted amounts by \$130,219 which can be attributed to budgeted employee positions that were not filled. Sanitation actual expenditures were less than budgeted amounts by \$151,143 which is a result of budgeted employee positions that were not filled. Lastly, Streets expenditures were less than budgeted amounts by \$378,440 and can be directly attributable to budgeted employee positions that were not filled.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 126.7 percent of total General Fund expenditures. The nonmajor Special Revenue Funds reported an ending fund balance of \$216,884.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's net investment in capital assets as of September 30, 2015, amounts to \$3,076,327 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, machinery and equipment, infrastructure, and construction-in-progress, as applicable.

CAPITAL ASSETS SCHEDULE

	Governmental Activities	
	2015	2014
Land	\$ 573,061	\$ 573,061
Buildings	1,614,781	1,614,781
Machinery and equipment	1,616,402	1,611,494
Infrastructure	4,798,287	4,798,287
Less: accumulated depreciation	(5,526,204)	(5,290,782)
Total Capital Assets, Net	\$ 3,076,327	\$ 3,306,841

Additional information on the City's capital assets can found in Note 5 in the Notes to Financial Statements.

LONG-TERM DEBT

As of September 30, 2015, the City's long-term debt was comprised solely of compensated absences, which amounted to \$272,771. The City has established a separate bank account in which money is being accumulated for the payment of compensated absences. As of September 30, 2015, this bank account has a balance of \$81,974.

Additional information on the City's long-term debt can be found in Note 6 in the Notes to Financial Statements.

GENERAL FUND ENDING FUND BALANCE

- Unassigned fund balance in the General Fund increased to \$3,396,958. It is intended that, if necessary, the use of available fund balance will avoid the need to raise taxes during the 2016 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of West Orange, Texas' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The City of West Orange, Texas: Roy McDonald, Mayor, 2700 Western Avenue, West Orange, Texas 77630.

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BASIC FINANCIAL STATEMENTS

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CITY OF WEST ORANGE, TEXAS

Exhibit A-1

STATEMENT OF NET POSITION

September 30, 2015

	Governmental Activities
<u>Assets</u>	
Cash and cash equivalents	\$ 3,663,004
Receivables	216,486
Prepaid expenses	936
Capital assets:	
Land	573,061
Buildings	860,366
Machinery and equipment	340,549
Infrastructure	1,302,351
Total Assets	6,956,753
<u>Deferred Outflows of Resources</u>	
Deferred outflows of resources	313,566
Total Deferred Outflows of Resources	313,566
<u>Liabilities</u>	
Accounts payable and other current liabilities	134,908
Noncurrent liabilities:	
Due within one year	27,277
Due in more than one year	1,970,684
Total Liabilities	2,132,869
<u>Net Position</u>	
Net investment in capital assets	3,076,327
Restricted for:	
Hotel/motel	33,851
Public safety	209,148
Public works	7,736
Unrestricted	1,810,388
Total Net Position	\$ 5,137,450

See Notes to Financial Statements.

CITY OF WEST ORANGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	<u>Program Revenues</u>
		<u>Charges for Services</u>
Governmental Activities:		
General government	\$ 526,326	\$ 59,122
Public safety	1,386,884	131,983
Public works	1,017,670	364,568
Total Governmental Activities	\$ 2,930,880	\$ 555,673
General Revenues:		
Property taxes		
Sales taxes		
Road maintenance taxes		
Franchise taxes		
Mixed beverage taxes		
Hotel/motel occupancy taxes		
Payments in lieu of property taxes		
Investment earnings		
Other		
Total General Revenues		
Change in Net Position		
Net Position - Beginning		
Net Position - Ending		

See Notes to Financial Statements.

Program Revenues	Net (Expense) Revenue and Change in Net Position
Operating	Governmental
Grants and	Activities
Contributions	(Totals)
\$	\$
2,732	(467,204)
	(1,252,169)
	(653,102)
<u>\$ 2,732</u>	<u>\$ (2,372,475)</u>

543,935
903,523
224,623
264,929
6,679
5,691
665,531
914
149,182
<u>2,765,007</u>
392,532
4,744,918
<u>\$ 5,137,450</u>

CITY OF WEST ORANGE, TEXAS

Exhibit A-3

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 3,446,120	\$ 216,884	\$ 3,663,004
Receivables:			
Taxes	203,818		203,818
Accounts	12,668		12,668
Prepaid items	936		936
Total Assets	<u>\$ 3,663,542</u>	<u>\$ 216,884</u>	<u>\$ 3,880,426</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>			
<u>Liabilities</u>			
Accounts payable and accrued liabilities	134,908		134,908
Total Liabilities	<u>134,908</u>		<u>134,908</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenues - property taxes	96,889		96,889
Total Deferred Inflows of Resources	<u>96,889</u>		<u>96,889</u>
<u>Fund Balances</u>			
Nonspendable	936		936
Restricted	33,851	216,884	250,735
Unassigned	3,396,958		3,396,958
Total Fund Balances	<u>3,431,745</u>	<u>216,884</u>	<u>3,648,629</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,663,542</u>	<u>\$ 216,884</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 3,076,327
Long-term liabilities, consisting of accrued compensated absences, are not due and payable in the current period and are therefore not reported in the funds.	(272,771)
Deferred outflows of resources pertaining to actuarial pension differences between expected and actual economic experience (\$61,512) and projected and actual investment earnings (\$68,850), and pension contributions made subsequent to the measurement date (\$183,204) are not financial resources and, therefore, are not reported in the funds.	313,566
The net pension liability is not due and payable in the current period and is therefore not reported in the funds.	(1,725,190)
Revenues that do not provide current financial resources are reported as deferred in the funds.	96,889
Net Position of Governmental Activities	<u>\$ 5,137,450</u>

See Notes to Financial Statements.

CITY OF WEST ORANGE, TEXAS

Exhibit A-4

STATEMENT OF REVENUES, EXPENDITURES, **AND CHANGES IN FUND BALANCES** **GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<u>Revenues</u>			
Property taxes	\$ 543,935	\$	\$ 543,935
Other taxes	1,405,445		1,405,445
Payments in lieu of property taxes	665,531		665,531
Licenses and permits	49,313		49,313
Fines and forfeitures	125,935		125,935
Fees and charges for services	376,682		376,682
Intergovernmental		1,164	1,164
Investment earnings	914	61	975
Other	150,225	625	150,850
Total Revenues	3,317,980	1,850	3,319,830
<u>Expenditures</u>			
Current:			
General government	501,069		501,069
Public safety	1,358,856	4,484	1,363,340
Public works	821,139		821,139
Total Expenditures	2,681,064	4,484	2,685,548
Net Change in Fund Balances	636,916	(2,634)	634,282
Fund Balances - Beginning	2,794,829	219,518	3,014,347
Fund Balances - Ending	\$ 3,431,745	\$ 216,884	\$ 3,648,629

See Notes to Financial Statements.

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CITY OF WEST ORANGE, TEXAS

Exhibit A-5

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 634,282
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$292,788) exceeded capital outlay (\$62,274) in the current period.	(230,514)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This adjustment reflects the net change in property taxes receivable on the accrual basis of accounting.	3,582
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This adjustment reflects the net change in the net pension liability (\$141,281), deferred outflows of resources (\$140,348) and accrued compensated absences (\$13,885).	<u>(14,818)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 392,532</u></u>

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CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of West Orange, Texas (the “City”), was incorporated on August 10, 1954, under the provisions of Title 28 of the Revised Civil Statutes of Texas, 1925. On May 19, 1956, the City adopted a Home Rule Charter. The City now operates under a mayor-council form of government.

The City Council is the principal legislative body of the City. The Mayor presides at meetings of the City Council.

The City provides the following services: public safety to include police and fire, highways and streets, sanitation, recreation, public improvements, and general administration.

A. Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the City's financial reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements, and Management’s Discussion and Analysis, for State and Local Governments.

Certain of the significant changes in the Statement include the following:

- A Management’s Discussion and Analysis (“MD&A”) section providing an analysis of the City’s overall financial position and changes in financial position.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

- Government-wide financial statements prepared using the accrual basis of accounting for all of the City's governmental activities.
- Fund financial statements focusing on the major funds.

Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position and a statement of activities. It requires the reclassification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Direct expenses are not eliminated from the various functional categories in the process of consolidation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use of directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

The government reports the following major governmental fund:

General Fund

The General Fund accounts for the resources used to finance the fundamental operations of the City. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, franchise taxes, fines and forfeitures, permits and fees, and sanitation. Expenditures are for general government, public safety and public works.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. No encumbrances were outstanding at year-end.

F. Cash and Cash Equivalents

Cash and cash equivalents include cash and temporary investments that are generally available for the City's disbursement needs and have a maturity of three months or less from the date of acquisition.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

H. Inventories

Inventories are stated at cost. The City uses the FIFO method of accounting for inventories. Inventories consist of expendable supplies held for consumption, and the cost thereof is recorded as an expense/expenditure at the time the inventory items are issued (consumption method). No inventory was on hand at year-end.

I. Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are, for the most part, eliminated from the government-wide Statement of Net Position and are classified as "due from other funds" or "due to other funds" in the fund financial statements, when applicable.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$5,000 limit; all infrastructure is capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	31.5 years
Building improvements	31.5 years
Public domain infrastructure	40 years
System infrastructure	40 years
Vehicles	7 years
Police vehicles	5 years
Machinery and equipment	7 years
Computer equipment	5 years

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

K. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of unavailable tax revenues.

L. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred outflows of resources consist of differences between expected and actual economic experiences, differences between projected and actual investment earnings and pension contributions made subsequent to the actuarial measurement date.

	Governmental Activities
Deferred Outflows of Resources	
Deferred outflows from pension activities	\$ 313,566
Total Deferred Outflows of Resources	\$ 313,566

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System ("TMRS") and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Compensated Employee Absences

The City's employees accrue vacation and sick leave which may either be taken or accumulated, up to certain amounts, until paid upon termination or retirement. Upon retirement or voluntary termination with the City a tenured employee may elect to use one-half of their sick leave or 640 hours (whichever is less) to either retire early or take a lump sum payment. Employees who have been discharged will receive no payment. Excluding those employees who voluntarily leave the City, employees who retire shall be eligible to receive an additional 40 hours to a maximum of 680 hours. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City accrues vacation and sick leave based on criteria established by the Governmental Accounting Standards Board. For all funds, this liability reflects amounts attributable to cumulative

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

employee services previously rendered, where the payment is probable and can be reasonably estimated.

O. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

P. Date of Management's Review

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 4, 2016, the date that the financial statements were available to be issued.

Q. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to state statutes. The depository bank deposits, for safekeeping and trust with the City's agent bank, approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance.

Cash and Cash Equivalents

The City's cash and cash equivalents consist of cash on hand and demand deposits. The City's cash and cash equivalents at September 30, 2015, are shown as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash	\$ 3,663,004	\$ 3,663,004
Total Cash and Cash Equivalents	\$ 3,663,004	\$ 3,663,004

Custodial Credit Risk - Deposits

For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Collateral is required for all bank

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

deposits at 102% of deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Collateral pledged to cover the City's deposits is required to be held in the City's name by the trust department of a bank other than the pledging bank (the City's agent). Collateral securities must bear a Baa-1 or better rating to qualify for use in securing uninsured depository balances. Deposits at year-end are representative of the types of deposits maintained by the City during the year.

The City's cash deposits, at September 30, 2015, were entirely guaranteed by FDIC insurance or by pledged collateral held by the City's agent bank.

NOTE 3 - PROPERTY TAXES

The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value. The City's property taxes are billed and collected by the Orange County Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year.

Property taxes are levied for operations and based on rates adopted for the year of the levy. For the current year, the City levied property taxes of \$0.42500 per \$100 of assessed valuation. The resulting adjusted tax levy was \$533,935 for operations on the total adjusted taxable valuation of \$125,631,824 for the 2014 tax year.

Property taxes receivable, as of September 30, 2015, consists of the following:

<u>Tax Year</u>	<u>General Fund</u>
2014	\$ 23,417
2013	18,184
2012	14,690
2011	13,517
2010	8,824
2009 and prior	27,270
	<u>\$ 105,902</u>

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - RECEIVABLES

Receivables as of year-end for the government's individual major fund, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Totals</u>
Receivables:		
Taxes	\$ 212,831	\$ 212,831
Accounts	12,668	12,668
Gross receivables	225,499	225,499
Less: allowance for uncollectibles	(9,013)	(9,013)
Net Total Receivables	<u><u>\$ 216,486</u></u>	<u><u>\$ 216,486</u></u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Delinquent property taxes receivable - General Fund	<u><u>\$ 96,889</u></u>
---	-------------------------

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2015:

	<u>Balances Oct. 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances Sept. 30, 2015</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 573,061	\$	\$	\$ 573,061
Total capital assets not being depreciated	573,061			573,061
Capital assets being depreciated:				
Buildings	1,614,781			1,614,781
Machinery and equipment	1,611,494	62,274	(57,366)	1,616,402
Infrastructure	4,798,287			4,798,287
Total capital assets being depreciated	8,024,562	62,274	(57,366)	8,029,470
Less accumulated depreciation for:				
Buildings	(708,958)	(45,457)		(754,415)
Machinery and equipment	(1,205,803)	(127,416)	57,366	(1,275,853)
Infrastructure	(3,376,021)	(119,915)		(3,495,936)
Total accumulated depreciation	(5,290,782)	(292,788)	57,366	(5,526,204)
Total capital assets being depreciated, net	2,733,780	(230,514)		2,503,266
Governmental activities capital assets, net	<u><u>\$ 3,306,841</u></u>	<u><u>\$ (230,514)</u></u>	<u><u>\$</u></u>	<u><u>\$ 3,076,327</u></u>

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Depreciation was charged to functions of the primary government as follows:

Governmental Activities:	
General government	\$ 23,414
Public safety	78,131
Public works	191,243
Total Depreciation Expense - Governmental Activities	\$ 292,788

NOTE 6 - LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2015, is as follows:

	Balance Oct. 1, 2014	Additions	(Reductions)	Balance Sept. 30, 2015	Amount Due Within One Year
Governmental Activities:					
Compensated absences	\$ 258,886	\$ 56,835	\$ (42,950)	\$ 272,771	\$ 27,277
Net pension liability	1,583,909	141,281		1,725,190	
Totals	\$ 1,842,795	\$ 198,116	\$ (42,950)	\$ 1,997,961	\$ 27,277

For governmental activities, compensated absences are generally liquidated by the General Fund.

NOTE 7 – FUND BALANCES

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following five fund balance categories:

Nonspendable:

To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted:

To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed:

To indicate fund balance that can be used only for the specific purposes determined by a formal action of the City Council (the City’s highest level of decision-making authority). City Council must place an item on the Council’s agenda, followed by a majority vote to approve such, in order to establish, modify or rescind a fund balance commitment.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Assigned:

To indicate fund balance to be used for specific purposes but do meet the criteria to be classified as restricted or committed. Currently, only City Council has the authority to assign fund balances.

Unassigned:

To indicate the residual classification of fund balance in the General Fund and includes all spendable amounts not contained in the other classifications.

In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Fund balances for all the major and nonmajor governmental funds as of September 30, 2015, were distributed as follows:

	General	Other Governmental Funds	Totals
Nonspendable:			
Prepays	\$ 936	\$	\$ 936
Subtotal	936		936
Restricted for:			
Hotel/motel	33,851		33,851
Public safety		209,148	209,148
Public works		7,736	7,736
Subtotal	33,851	216,884	250,735
Unassigned	3,396,958		3,396,958
Totals	<u>\$ 3,431,745</u>	<u>\$ 216,884</u>	<u>\$ 3,648,629</u>

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The City does not currently have any such policies.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

The City of West Orange, Texas, participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System (“TMRS”). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (“the TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions adopted by the City are as follows:

Employee deposit rate	7%
Municipal current matching ratio	2-1
Updated service credit:	
Rate (%)	100
Year effective	2006R*
Increased benefits to retirees:	
Rate (%)	70
Year effective	2003R*
Military service credit effective date	11-89
Buyback effective date	
Vesting	10 yrs
Service retirement eligibilities	10 yrs/age 60, 20 yrs/any age
Restricted prior service credit effective date	10/95
Supplemental death benefits	None
Statutory maximum (%)	Removed

* Annually repeating. Ordinance automatically renews effective January 1 of each successive year.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2013</u>	<u>2014</u>
Inactive employees or beneficiaries currently receiving benefits	17	17
Inactive employees entitled to but not yet receiving benefits	12	11
Active employees	<u>23</u>	<u>23</u>
Totals	<u><u>52</u></u>	<u><u>51</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of West Orange, Texas, were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City of West Orange, Texas, were 19.58% and 19.53% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$252,974, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability ("NPL") was measured as of December 31, 2014, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-district RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006, through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal ("EAN") actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at 12/31/13	\$ 8,311,376	\$ 6,727,467	\$ 1,583,909
Changes for the year:			
Service cost	189,272		189,272
Interest	578,003		578,003
Change of benefit terms			
Difference between expected and actual experience	84,378		84,378
Changes of assumptions			
Contributions - employer		242,989	(242,989)
Contributions - employee		86,870	(86,870)
Net investment income		384,861	(384,861)
Benefit payments, including refunds of employee contributions	(297,650)	(297,650)	
Administrative expense		(4,018)	4,018
Other changes		(330)	330
Net changes	\$ 554,003	\$ 412,722	\$ 141,281
Balance at 12/31/14	<u>\$ 8,865,379</u>	<u>\$ 7,140,189</u>	<u>\$ 1,725,190</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease in Discount Rate (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase in Discount Rate (8.0%)</u>
City's net pension liability	<u>\$ 2,955,882</u>	<u>\$ 1,725,190</u>	<u>\$ 710,523</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$253,908.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 61,512	\$
Changes in actuarial assumptions		
Difference between projected and actual investment earnings	68,850	
Contributions subsequent to the measurement date	183,204	
Totals	\$ 313,566	\$

\$183,204 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended Dec 31:

2015	\$	40,078
2016		40,078
2017		32,992
2018		17,214
2019		
Thereafter		
	\$	130,362

NOTE 9 - DEFERRED COMPENSATION PLAN

The City maintains, for its employees, a tax-deferred compensation plan meeting the requirements of Internal Revenue Code Section 457. The plan was established in September 1996 by City Ordinance, and Nationwide Retirement Solutions was appointed as plan administrator. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. The plan's trust arrangements are established to protect deferred compensation amounts of employees under the plan from any other use other than intended under the plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under plan provisions are disbursed monthly by the City to a third party administrator. The third party administrator handles all funds in the plan and makes investment decisions and disburses funds to employees in accordance with plan provisions.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - RESTRICTED FUND BALANCES

Fund balances in the General Fund and the non-major special revenue funds totaling \$33,851 and \$216,884, respectively are restricted for hotel/motel promotion (General Fund) and public safety and public works (Special Revenue Funds).

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The City has not significantly reduced insurance coverage or had settlements, which exceeded coverage amounts for the past three fiscal years.

The City had no material unpaid claims liabilities at the end of the current or prior year.

NOTE 12 – IMPLEMENTATION OF NEW STANDARDS

In the current fiscal year, the City implemented the following new standards:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans administered as trusts or equivalent arrangements that meet certain criteria. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – and Amendment of GASB 68* (“GASB 71”), requires employer contributions made between the measurement date, which is the date used to determine an employer’s net pension liability (“NPL”), and the employer’s fiscal year-end be reported as a deferred outflow of resources (“DOoR”).

NOTE 13 – RESTATEMENT OF NET POSITION

Beginning net position was restated from \$6,155,609 to \$4,744,918 to reflect a \$1,410,691 decrease in beginning net position resulting from the implementation of GASB 68 and 71, as discussed in Note 12.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST ORANGE, TEXAS

Exhibit B-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 534,500	\$ 534,500	\$ 543,935	\$ 9,435
Other taxes	1,248,250	1,248,250	1,405,445	157,195
Payments in lieu of property taxes	663,884	663,884	665,531	1,647
Licenses and permits	8,495	8,495	49,313	40,818
Fines and forfeitures	126,300	126,300	125,935	(365)
Fees and charges for services	375,400	375,400	376,682	1,282
Investment earnings	1,300	1,300	914	(386)
Other	20,650	20,650	150,225	129,575
Total Revenues	<u>2,978,779</u>	<u>2,978,779</u>	<u>3,317,980</u>	<u>339,201</u>
<u>Expenditures</u>				
Current:				
General government	649,653	649,653	501,069	148,584
Public safety	1,524,993	1,525,328	1,358,856	166,472
Public works	1,365,168	1,365,168	821,139	544,029
Total Expenditures	<u>3,539,814</u>	<u>3,540,149</u>	<u>2,681,064</u>	<u>859,085</u>
Net Change in Fund Balance	(561,035)	(561,370)	636,916	1,198,286
Fund Balance - Beginning	<u>2,794,829</u>	<u>2,794,829</u>	<u>2,794,829</u>	
Fund Balance - Ending	<u>\$ 2,233,794</u>	<u>\$ 2,233,459</u>	<u>\$ 3,431,745</u>	<u>\$ 1,198,286</u>

CITY OF WEST ORANGE, TEXAS

Exhibit B-2

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. Budgets and Budgetary Accounting

An annual appropriated budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. Project length budgets are adopted for the Special Revenue Funds.

Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to another activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget. Management has the authority to transfer available funds allocated by the budget from one function or activity to another function or activity within the same department.

In cooperation with the department heads of the City, the Mayor prepares an annual budget for the General Fund for the ensuing fiscal year, in a form and style as deemed desirable by Council. The budget, as adopted, must set forth the appropriations for services, functions, and activities of the various City departments and agencies, and shall meet all fund requirements provided by law and required by applicable bond covenants.

CITY OF WEST ORANGE, TEXAS

TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Years*

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total Pension Liability				
Service cost	\$ 189,272	\$ N/A	\$ N/A	\$ N/A
Interest (on the total pension liability)	578,003	N/A	N/A	N/A
Changes of benefit terms		N/A	N/A	N/A
Difference between expected and actual experience	84,378	N/A	N/A	N/A
Change of assumptions		N/A	N/A	N/A
Benefit payments, including refunds of employee contributions	(297,650)	N/A	N/A	N/A
Net Change in Total Pension Liability	554,003	N/A	N/A	N/A
Total Pension Liability - Beginning	8,311,376	N/A	N/A	N/A
Total Pension Liability - Ending (a)	<u>\$ 8,865,379</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 242,989	\$ N/A	\$ N/A	\$ N/A
Contributions - employee	86,870	N/A	N/A	N/A
Net investment income	384,861	N/A	N/A	N/A
Benefit payments, including refunds of employee contributions	(297,650)	N/A	N/A	N/A
Administrative expense	(4,018)	N/A	N/A	N/A
Other	(330)	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	412,722	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	6,727,467	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,140,189</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,725,190</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.54%	N/A	N/A	N/A
Covered Employee Payroll	\$ 1,241,005	\$ N/A	\$ N/A	\$ N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	139.02%	N/A	N/A	N/A

Notes to Schedule: N/A

* GASB 68 requires ten years of data to be provided in this schedule, however, only one year is currently available.

CITY OF WEST ORANGE, TEXAS

TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Ten Years*

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially Determined Contributions	\$ 242,989	\$ N/A	\$ N/A	\$ N/A
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ 242,989</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Contribution Deficiency (Excess)	\$	\$ N/A	\$ N/A	\$ N/A
Covered Employee Payroll	\$ 1,241,005	\$ N/A	\$ N/A	\$ N/A
Contributions as a Percentage of Covered Employee Payroll	19.58%	N/A	N/A	N/A

* GASB 68 requires ten years of data to be provided in this schedule, however, only one year is currently available.

2010	2009	2008	2007	2006	2005
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WEST ORANGE, TEXAS

Exhibit B-5

TEXAS MUNICIPAL RETIREMENT SYSTEM - NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of
December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The City's nonmajor special revenue funds include the following:

Police-Public Safety Fund - This fund is used to account for monies received through fines and fees when Texas Department of Public Safety officers issue traffic citations within the City limits. These monies are restricted for the use of unbudgeted law enforcement expenditures.

Police-Seizure and Forfeiture Fund - This fund accounts for monies received from police seizure and forfeiture revenues. These monies are restricted for the use of unbudgeted law enforcement expenditures.

Police-State Education Fund - This fund accounts for monies received from the State of Texas, based on the number of police officers employed by the City, and are restricted for law enforcement education.

Police-Federal Asset Forfeiture Fund - This fund accounts for monies received from the federal government relating to federal forfeiture revenues. These monies are restricted for the use of unbudgeted law enforcement expenditures.

Police-Federal Treasury Asset Forfeiture Fund - This fund accounts for monies received from the federal government relating to federal forfeiture revenues. These monies are restricted for the use of unbudgeted law enforcement expenditures.

Demolition Grant Fund - This fund is used to account for monies received from the property owners of structures that had initially been demolished at the expense of the City and subsequently reimbursed by grant monies received from the Stark Foundation. These monies are restricted for the use of future demolitions within the City.

CITY OF WEST ORANGE, TEXAS

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

September 30, 2015

	Special Revenue Funds			
	Police- Public Safety Fund	Police- Seizure & Forfeiture Fund	Police- State Education Fund	Police- Federal Asset Forfeiture Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 71,819	\$ 11,770	\$ 8,709	\$ 16,473
Total Assets	\$ 71,819	\$ 11,770	\$ 8,709	\$ 16,473
<u>Liabilities</u>				
Accounts payable				
<u>Fund Balances</u>				
Restricted	71,819	11,770	8,709	16,473
Total Fund Balances	71,819	11,770	8,709	16,473
Total Liabilities and Fund Balances	\$ 71,819	\$ 11,770	\$ 8,709	\$ 16,473

Police- Federal Treasury Asset Forfeiture Fund	Demolition Grant Fund	Totals Non-Major Governmental Funds
\$ 100,377	\$ 7,736	\$ 216,884
<u>\$ 100,377</u>	<u>\$ 7,736</u>	<u>\$ 216,884</u>
<u>100,377</u>	<u>7,736</u>	<u>216,884</u>
<u>100,377</u>	<u>7,736</u>	<u>216,884</u>
<u>\$ 100,377</u>	<u>\$ 7,736</u>	<u>\$ 216,884</u>

CITY OF WEST ORANGE, TEXAS

COMBINING STATEMENT OF REVENUES,

EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2015

	Special Revenue Funds			
	Police- Public Safety Fund	Police- Seizure & Forfeiture Fund	Police- State Education Fund	Police- Federal Asset Forfeiture Fund
<u>Revenues</u>				
Intergovernmental revenue	\$	\$	\$ 1,164	\$
Investment earnings	20	3	3	4
Other	625			
Total Revenues	<u>645</u>	<u>3</u>	<u>1,167</u>	<u>4</u>
<u>Expenditures</u>				
Current:				
Public safety			250	
Total Expenditures			<u>250</u>	
 Net Change in Fund Balances	 645	 3	 917	 4
 Fund Balances, Beginning of Year	 <u>71,174</u>	 <u>11,767</u>	 <u>7,792</u>	 <u>16,469</u>
 Fund Balances, End of Year	 <u>\$ 71,819</u>	 <u>\$ 11,770</u>	 <u>\$ 8,709</u>	 <u>\$ 16,473</u>

Police- Federal Treasury Asset Forfeiture Fund	Demolition Grant Fund	Totals Non-Major Governmental Funds
\$	\$	\$
29	2	1,164
		61
		625
29	2	1,850
4,234		4,484
4,234		4,484
(4,205)	2	(2,634)
104,582	7,734	219,518
\$ 100,377	\$ 7,736	\$ 216,884

CITY OF WEST ORANGE, TEXAS

Exhibit C-3

COMPARATIVE BALANCE SHEETS **GENERAL FUND**

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 3,446,120	\$ 2,794,477
Receivables:		
Taxes	203,818	177,186
Accounts	12,668	25,225
Prepaid items	936	1,065
Total Assets	\$ 3,663,542	\$ 2,997,953
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 134,908	\$ 109,817
Total Liabilities	134,908	109,817
<u>Deferred Inflows of Resources</u>		
Unavailable revenues - property taxes	96,889	93,307
Total Deferred Inflows of Resources	96,889	93,307
<u>Fund Balance</u>		
Nonspendable	936	1,065
Restricted	33,851	33,501
Unassigned	3,396,958	2,760,263
Total Fund Balance	3,431,745	2,794,829
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 3,663,542	\$ 2,997,953

CITY OF WEST ORANGE, TEXAS

Exhibit C-4 Page 1 of 3

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

Year Ended September 30, 2015

with Comparative Actual Balances for the Year Ended September 30, 2014

	2015			2014 Actual
	Budget	Actual	Over (Under)	
<u>Revenues</u>				
Property taxes	\$ 534,500	\$ 543,935	\$ 9,435	\$ 544,998
Other taxes	1,248,250	1,405,445	157,195	1,345,893
Payments in lieu of property taxes	663,884	665,531	1,647	633,334
Licenses and permits	8,495	49,313	40,818	15,564
Fines and forfeitures	126,300	125,935	(365)	118,975
Fees and charges for services	375,400	376,682	1,282	384,692
Investment earnings	1,300	914	(386)	1,231
Other	20,650	150,225	129,575	64,370
Total Revenues	2,978,779	3,317,980	339,201	3,109,057
<u>Expenditures</u>				
City Administration:				
Personnel services	243,760	139,753	104,007	141,202
Supplies and repairs	9,200	7,444	1,756	5,828
Contractual services	26,125	20,164	5,961	8,012
Other services and charges	193,486	172,626	20,860	164,278
Total City Administration	472,571	339,987	132,584	319,320
Municipal Court:				
Personnel services	94,335	93,059	1,276	82,936
Supplies	2,100	526	1,574	1,355
Repairs and maintenance	2,750	1,892	858	1,756
Other services and charges	77,897	65,605	12,292	72,279
Total Municipal Court	177,082	161,082	16,000	158,326
Total General Government	649,653	501,069	148,584	477,646

CITY OF WEST ORANGE, TEXAS

Exhibit C-4 Page 2 of 3

SCHEDULE OF REVENUES, EXPENDITURES AND **CHANGES IN FUND BALANCE - BUDGET AND ACTUAL** **GENERAL FUND**

Year Ended September 30, 2015

with Comparative Actual Balances for the Year Ended September 30, 2014

	2015		Variance	2014
	Budget	Actual	Over (Under)	Actual
<u>Expenditures (continued)</u>				
Public Safety:				
Animal Control:				
Personnel services	69,187	66,488	2,699	65,764
Supplies	7,700	6,036	1,664	7,616
Repairs and maintenance	350	338	12	317
Other services and charges	5,050	3,260	1,790	2,753
Total Animal Control	82,287	76,122	6,165	76,450
Police:				
Personnel services	1,129,367	1,034,896	94,471	937,754
Supplies	31,950	23,505	8,445	39,414
Repairs and maintenance	20,400	15,655	4,745	14,049
Other services and charges	64,853	45,295	19,558	43,508
Capital outlay	63,000	60,000	3,000	59,320
Total Police	1,309,570	1,179,351	130,219	1,094,045
Fire:				
Personnel services	315	285	30	190
Supplies	8,535	2,592	5,943	12,031
Repairs and maintenance	3,100	1,838	1,262	1,019
Other services and charges	24,184	19,524	4,660	20,802
Total Fire	36,134	24,239	11,895	34,042
Fire Marshal:				
Personnel services	74,440	70,710	3,730	70,847
Supplies	1,000	608	392	775
Repairs and maintenance	750	1,757	(1,007)	810
Other services and charges	21,147	6,069	15,078	6,376
Total Fire Marshal	97,337	79,144	18,193	78,808
Total Public Safety	1,525,328	1,358,856	166,472	1,283,345

CITY OF WEST ORANGE, TEXAS

Exhibit C-4 Page 3 of 3

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

Year Ended September 30, 2015

with Comparative Actual Balances for the Year Ended September 30, 2014

	2015			
	Budget	Actual	Variance Over (Under)	2014 Actual
Expenditures (continued)				
Public Works:				
Sanitation:				
Personnel services	269,450	201,739	67,711	200,492
Supplies	25,750	17,271	8,479	23,085
Repairs and maintenance	5,000	6,906	(1,906)	5,929
Other services and charges	302,600	265,741	36,859	258,428
Capital outlay	40,000		40,000	
Total Sanitation	<u>642,800</u>	<u>491,657</u>	<u>151,143</u>	<u>487,934</u>
Streets:				
Personnel services	264,437	136,429	128,008	153,983
Supplies	17,450	10,997	6,453	13,940
Repairs and maintenance	235,000	23,578	211,422	78,654
Other services and charges	16,630	14,073	2,557	15,585
Capital outlay	30,000		30,000	
Total Streets	<u>563,517</u>	<u>185,077</u>	<u>378,440</u>	<u>262,162</u>
Maintenance Shop:				
Personnel services	74,761	67,102	7,659	66,417
Supplies	1,700	1,428	272	913
Other services and charges	3,984	3,481	503	3,761
Total Maintenance Shop	<u>80,445</u>	<u>72,011</u>	<u>8,434</u>	<u>71,091</u>
Parks and Facilities:				
Personnel services	55,049	50,447	4,602	49,111
Supplies	8,200	6,700	1,500	5,831
Repairs and maintenance	11,000	11,264	(264)	6,593
Other services and charges	4,157	3,983	174	4,261
Total Parks and Facilities	<u>78,406</u>	<u>72,394</u>	<u>6,012</u>	<u>65,796</u>
Total Public Works	<u>1,365,168</u>	<u>821,139</u>	<u>544,029</u>	<u>886,983</u>
Total Expenditures	<u>3,540,149</u>	<u>2,681,064</u>	<u>859,085</u>	<u>2,647,974</u>
Net Change in Fund Balance	<u>(561,370)</u>	<u>636,916</u>	<u>1,198,286</u>	<u>461,083</u>
Fund Balance - Beginning	<u>2,794,829</u>	<u>2,794,829</u>		<u>2,333,746</u>
Fund Balance - Ending	<u>\$ 2,233,459</u>	<u>\$ 3,431,745</u>	<u>\$ 1,198,286</u>	<u>\$ 2,794,829</u>

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UNAUDITED STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	60-71
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax, and another significant local source, the property tax.	72-79
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	80-83
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	84-86
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	88-90

Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF WEST ORANGE, TEXAS

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities				
Net investment in capital assets	\$ 3,807,713	\$ 4,412,386	\$ 4,262,919	\$ 4,082,383
Restricted	54,394	66,699	83,960	164,549
Unrestricted	<u>1,136,612</u>	<u>422,998</u>	<u>458,009</u>	<u>1,451,574</u>
Total Governmental Activities Net Position	<u>\$ 4,998,719</u>	<u>\$ 4,902,083</u>	<u>\$ 4,804,888</u>	<u>\$ 5,698,506</u>
 Primary Government				
Net investment in capital assets	\$ 3,807,713	\$ 4,412,386	\$ 4,262,919	\$ 4,082,383
Restricted	54,394	66,699	83,960	164,549
Unrestricted	<u>1,136,612</u>	<u>422,998</u>	<u>458,009</u>	<u>1,451,574</u>
Total Primary Government Net Position	<u>\$ 4,998,719</u>	<u>\$ 4,902,083</u>	<u>\$ 4,804,888</u>	<u>\$ 5,698,506</u>

Table 1

2010	2011	2012	2013	2014	2015
\$ 3,948,436	\$ 4,057,823	\$ 3,803,822	\$ 3,555,213	\$ 3,306,841	\$ 3,076,327
208,549	233,152	229,196	249,523	253,019	250,735
1,829,985	1,558,522	1,872,199	2,144,441	2,595,749	1,810,388
<u>\$ 5,986,970</u>	<u>\$ 5,849,497</u>	<u>\$ 5,905,217</u>	<u>\$ 5,949,177</u>	<u>\$ 6,155,609</u>	<u>\$ 5,137,450</u>

\$ 3,948,436	\$ 4,057,823	\$ 3,803,822	\$ 3,555,213	\$ 3,306,841	\$ 3,076,327
208,549	233,152	229,196	249,523	253,019	250,735
1,829,985	1,558,522	1,872,199	2,144,441	2,595,749	1,810,388
<u>\$ 5,986,970</u>	<u>\$ 5,849,497</u>	<u>\$ 5,905,217</u>	<u>\$ 5,949,177</u>	<u>\$ 6,155,609</u>	<u>\$ 5,137,450</u>

CITY OF WEST ORANGE, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Governmental Activities				
General government	\$ 654,920	\$ 449,332	\$ 508,617	\$ 499,640
Public safety	937,934	938,344	1,293,321	1,097,427
Public works	950,714	1,623,646	1,295,535	1,282,500
Interest and fiscal agent fees on long-term debt	544	547		
Total Governmental Activities Expenses	<u>2,544,112</u>	<u>3,011,869</u>	<u>3,097,473</u>	<u>2,879,567</u>
Total Primary Government Expenses	<u>\$ 2,544,112</u>	<u>\$ 3,011,869</u>	<u>\$ 3,097,473</u>	<u>\$ 2,879,567</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 9,788	\$ 12,065	\$ 14,149	\$ 28,597
Public safety	229,327	197,240	215,446	190,867
Public works	257,041	318,011	353,959	327,212
Operating grants and contributions	263,763	328,547	153,114	711,273
Capital grants and contributions	278,578	4,664	59,210	
Total Governmental Activities Program Revenues	<u>1,038,497</u>	<u>860,527</u>	<u>795,878</u>	<u>1,257,949</u>
Total Primary Government Program Revenues	<u>\$ 1,038,497</u>	<u>\$ 860,527</u>	<u>\$ 795,878</u>	<u>\$ 1,257,949</u>
Net (Expense)/Revenue				
Governmental activities	\$ (1,505,615)	\$ (2,151,342)	\$ (2,301,595)	\$ (1,621,618)
Total Primary Government Net Expense	<u>\$ (1,505,615)</u>	<u>\$ (2,151,342)</u>	<u>\$ (2,301,595)</u>	<u>\$ (1,621,618)</u>

Table 2 (Page 1 of 2)

2010	2011	2012	2013	2014	2015
\$ 536,671	\$ 599,431	\$ 517,725	\$ 529,454	\$ 502,674	\$ 526,326
1,158,390	1,223,177	1,299,211	1,327,678	1,323,532	1,386,884
1,255,019	2,428,384	1,113,412	1,142,952	1,089,369	1,017,670
2,950,080	4,250,992	2,930,348	3,000,084	2,915,575	2,930,880
\$ 2,950,080	\$ 4,250,992	\$ 2,930,348	\$ 3,000,084	\$ 2,915,575	\$ 2,930,880
\$ 29,170	\$ 27,331	\$ 28,608	\$ 20,316	\$ 22,852	\$ 59,122
200,650	170,007	188,592	143,744	124,884	131,983
365,988	368,838	379,272	373,575	376,822	364,568
214,272	1,168,315	35,236	9,033	10,272	2,732
		18,127			
810,080	1,734,491	649,835	546,668	534,830	558,405
\$ 810,080	\$ 1,734,491	\$ 649,835	\$ 546,668	\$ 534,830	\$ 558,405
\$ (2,140,000)	\$ (2,516,501)	\$ (2,280,513)	\$ (2,453,416)	\$ (2,380,745)	\$ (2,372,475)
\$ (2,140,000)	\$ (2,516,501)	\$ (2,280,513)	\$ (2,453,416)	\$ (2,380,745)	\$ (2,372,475)

CITY OF WEST ORANGE, TEXAS

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 443,488	\$ 447,726	\$ 480,972	\$ 495,404
Other taxes	1,207,680	1,201,385	1,185,703	1,340,378
Payments in lieu of property taxes	331,480	343,689	489,623	566,809
Investment earnings	57,554	44,104	19,837	3,840
Other		17,802	28,265	108,805
Total Governmental Activities	<u>2,040,202</u>	<u>2,054,706</u>	<u>2,204,400</u>	<u>2,515,236</u>
Total Primary Government	<u>\$ 2,040,202</u>	<u>\$ 2,054,706</u>	<u>\$ 2,204,400</u>	<u>\$ 2,515,236</u>
 Change in Net Position				
Governmental activities	\$ 534,587	\$ (96,636)	\$ (97,195)	\$ 893,618
Total Primary Government	<u>\$ 534,587</u>	<u>\$ (96,636)</u>	<u>\$ (97,195)</u>	<u>\$ 893,618</u>

Table 2 (Page 2 of 2)

2010	2011	2012	2013	2014	2015
\$ 473,271	\$ 502,498	\$ 518,419	\$ 532,357	\$ 548,194	\$ 543,935
1,225,425	1,299,651	1,296,358	1,290,586	1,345,893	1,405,445
514,354	518,600	486,420	598,246	633,334	665,531
2,558	2,385	1,592	1,945	1,329	914
212,856	55,894	33,444	74,242	58,427	149,182
2,428,464	2,379,028	2,336,233	2,497,376	2,587,177	2,765,007
<u>\$ 2,428,464</u>	<u>\$ 2,379,028</u>	<u>\$ 2,336,233</u>	<u>\$ 2,497,376</u>	<u>\$ 2,587,177</u>	<u>\$ 2,765,007</u>
\$ 288,464	\$ (137,473)	\$ 55,720	\$ 43,960	\$ 206,432	\$ 392,532
<u>\$ 288,464</u>	<u>\$ (137,473)</u>	<u>\$ 55,720</u>	<u>\$ 43,960</u>	<u>\$ 206,432</u>	<u>\$ 392,532</u>

CITY OF WEST ORANGE, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Function	2006*	2007	2008	2009
Property taxes	\$ 443,488	\$ 447,726	\$ 480,972	\$ 495,404
Sales taxes	1,207,680	812,296	811,862	931,126
Mixed beverage taxes		2,766	3,587	5,072
Road maintenance taxes		202,624	203,508	232,205
Hotel/motel occupancy taxes		7,553	6,139	7,600
Franchise taxes		176,146	160,607	177,047
Totals	\$ 1,651,168	\$ 1,649,111	\$ 1,666,675	\$ 1,848,454

* Mixed beverage taxes, road maintenance taxes, hotel/motel occupancy taxes and franchise taxes were all reported as sales taxes. Beginning in 2007, these taxes are reported separately.

Table 3

2010	2011	2012	2013	2014	2015
\$ 473,271	\$ 502,498	\$ 518,419	\$ 532,357	\$ 548,194	\$ 543,935
753,422	804,830	821,544	804,340	855,967	903,523
5,397	6,827	5,068	5,023	6,269	6,679
245,475	201,302	204,525	201,085	213,449	224,623
4,046	4,861	4,499	4,258	5,123	5,691
217,085	281,831	260,722	275,880	265,085	264,929
<u>\$ 1,698,696</u>	<u>\$ 1,802,149</u>	<u>\$ 1,814,777</u>	<u>\$ 1,822,943</u>	<u>\$ 1,894,087</u>	<u>\$ 1,949,380</u>

CITY OF WEST ORANGE, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Nonspendable	\$	\$	\$	\$
Restricted				
Unassigned	<u>1,264,452</u>	<u>563,036</u>	<u>588,986</u>	<u>1,589,178</u>
Total General Fund	<u><u>\$ 1,264,452</u></u>	<u><u>\$ 563,036</u></u>	<u><u>\$ 588,986</u></u>	<u><u>\$ 1,589,178</u></u>
 All Other Governmental Funds				
Restricted	<u>\$ 54,394</u>	<u>\$ 66,699</u>	<u>\$ 83,960</u>	<u>\$ 164,549</u>
Total All Other Governmental Funds	<u><u>\$ 54,394</u></u>	<u><u>\$ 66,699</u></u>	<u><u>\$ 83,960</u></u>	<u><u>\$ 164,549</u></u>

Table 4

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,370	\$ 1,142	\$ 591	\$ 1,368	\$ 1,065	\$ 936
			28,364	33,501	33,851
<u>1,960,569</u>	<u>1,701,093</u>	<u>2,038,150</u>	<u>2,304,014</u>	<u>2,760,263</u>	<u>3,396,958</u>
<u>\$ 1,961,939</u>	<u>\$ 1,702,235</u>	<u>\$ 2,038,741</u>	<u>\$ 2,333,746</u>	<u>\$ 2,794,829</u>	<u>\$ 3,431,745</u>
\$ 208,549	\$ 233,152	\$ 229,196	\$ 221,159	\$ 219,518	\$ 216,884
<u>\$ 208,549</u>	<u>\$ 233,152</u>	<u>\$ 229,196</u>	<u>\$ 221,159</u>	<u>\$ 219,518</u>	<u>\$ 216,884</u>

CITY OF WEST ORANGE, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (modified accrual basis of accounting) (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues				
Taxes	\$ 1,648,541	\$ 1,649,692	\$ 1,657,610	\$ 1,853,477
Payments in lieu of property taxes	331,480	343,689	489,623	566,809
Licenses and permits	9,788	12,065	14,149	28,597
Fines and forfeitures	218,811	186,825	205,775	183,461
Fees and charges for services	267,557	328,426	363,630	336,218
Intergovernmental	280,885	217,692	28,265	439,921
Investment earnings	57,554	44,104	19,837	3,840
Other revenues	261,456	133,321	212,324	369,886
Total Revenues	<u>3,076,072</u>	<u>2,915,814</u>	<u>2,991,213</u>	<u>3,782,209</u>
Expenditures				
General government	534,690	425,863	467,756	458,783
Public safety	915,181	1,649,768	1,271,756	1,095,305
Public works	809,856	1,498,318	1,187,258	995,819
Non-departmental	527,775	3,140	21,232	151,521
Debt service				
Principal	14,572	27,289		
Interest and fiscal charges	544	547		
Total Expenditures	<u>2,802,618</u>	<u>3,604,925</u>	<u>2,948,002</u>	<u>2,701,428</u>
Net Change in Fund Balances	<u><u>\$ 273,454</u></u>	<u><u>\$ (689,111)</u></u>	<u><u>\$ 43,211</u></u>	<u><u>\$ 1,080,781</u></u>
Debt service as a percentage of noncapital expenditures	0.7%	0.8%	0.0%	0.0%

Table 5

2010	2011	2012	2013	2014	2015
\$ 1,689,430	\$ 1,789,896	\$ 1,812,982	\$ 1,810,783	\$ 1,890,891	\$ 1,949,380
514,354	518,600	486,420	598,246	633,334	665,531
21,099	17,463	18,018	12,918	15,564	49,313
191,011	161,822	180,482	137,449	118,975	125,935
377,048	378,665	391,517	385,716	384,692	376,682
269,012	1,177,283	2,340	7,509	5,486	1,164
2,558	2,385	1,592	1,945	1,329	975
164,765	55,152	72,795	77,318	68,540	150,850
3,229,277	4,101,266	2,966,146	3,031,884	3,118,811	3,319,830
470,343	569,375	512,643	504,579	477,646	501,069
1,169,263	1,215,031	1,211,165	1,307,301	1,294,740	1,363,340
1,169,438	2,551,961	909,788	933,036	886,983	821,139
3,472					
2,812,516	4,336,367	2,633,596	2,744,916	2,659,369	2,685,548
\$ 416,761	\$ (235,101)	\$ 332,550	\$ 286,968	\$ 459,442	\$ 634,282
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF WEST ORANGE, TEXAS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Function	2006*	2007	2008	2009
Sales taxes	\$ 1,207,680	\$ 812,296	\$ 811,862	\$ 931,126
Property taxes	440,861	448,307	471,907	490,380
Mixed beverage taxes		2,766	3,587	5,072
Road maintenance taxes		202,624	203,508	232,205
Hotel/motel occupancy taxes		7,553	6,139	7,600
Franchise taxes		176,146	160,607	177,047
Totals	\$ 1,648,541	\$ 1,649,692	\$ 1,657,610	\$ 1,843,430

* Mixed beverage taxes, road maintenance taxes, hotel/motel occupancy taxes and franchise taxes were all reported as sales taxes. Beginning in 2007, these taxes are reported separately.

Table 6

2010	2011	2012	2013	2014	2015
\$ 753,422	\$ 804,830	\$ 821,544	\$ 804,340	\$ 855,967	\$ 903,523
464,005	490,245	516,624	520,197	544,998	543,935
5,397	6,827	5,068	5,023	6,269	6,679
245,475	201,302	204,525	201,085	213,449	224,623
4,046	4,861	4,499	4,258	5,123	5,691
217,085	281,831	260,722	275,880	265,085	264,929
<u>\$ 1,689,430</u>	<u>\$ 1,789,896</u>	<u>\$ 1,812,982</u>	<u>\$ 1,810,783</u>	<u>\$ 1,890,891</u>	<u>\$ 1,949,380</u>

CITY OF WEST ORANGE, TEXAS

TAXABLE SALES BY CATEGORY

Last Ten Fiscal Years **(Unaudited)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Manufacturing	\$ 2,775,076	\$ 476,586	\$ 1,089,115	\$ 2,360,088	\$ 1,247,677
Construction	565,939	2,222,413	2,620,885	1,024,439	1,593,535
Wholesale trade					
Retail trade	114,803,032	136,575,905	128,286,420	139,379,899	160,095,485
Finance/Insurance				58,366	
Real Estate/Rental/Leasing					
Professional/Technical		928,597	1,400,178	610,401	366,945
Admin/Waste Management	46,316		36,666		15,229
Entertainment/Recreation	112,915	68,984	257,763	94,214	11,120
Accommodation/Food Service	4,374,253	4,419,669	4,635,875	6,365,083	6,474,788
Other services	1,185,065	2,875,973	2,707,876	2,860,780	3,594,254
City direct sales tax rate	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %

Source - Texas Comptroller of Public Accounts.

* Represents the first three quarters of the 2015 fiscal year. The fourth quarter is not currently available.

Table 7

2010	2011	2012	2013	2014	2015*
\$ 688,074	\$ 1,467,960	\$ 1,922,426	\$ 2,683,365	\$ 5,354,248	\$ 4,430,490
597,788			797,778	2,235,763	1,448,909
	114,627	137,283	137,568		
144,246,606	150,736,064	165,893,897	168,941,862	177,190,218	134,049,687
	35,440	149,544		64,503	
				177,775	178,706
905,597	313,497	915,290	424,530		
				207,604	215,090
7,133,549	6,963,120	7,282,013	7,312,086	8,631,776	7,300,552
3,048,709	4,771,400	5,873,484	4,653,668	5,620,305	3,858,002
0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %

CITY OF WEST ORANGE, TEXAS

Table 8

ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

<u>Fiscal Year Ended Sept. 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Real Property</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>
2006	\$ 64,801,373	\$ 27,840,318	\$ 32,208,093	\$ 23,329,176	\$ 101,520,608	0.42939
2007	65,883,811	28,158,211	30,807,762	23,076,894	101,772,890	0.42939
2008	63,076,601	27,610,188	29,765,086	12,369,582	108,082,293	0.42939
2009	70,224,400	32,121,493	31,431,568	21,115,837	112,661,624	0.42939
2010	69,132,700	31,851,112	32,970,969	23,842,477	110,112,304	0.42939
2011	82,404,231	34,572,997	30,599,836	30,473,251	117,103,813	0.41934
2012	82,372,794	34,555,133	32,510,208	29,668,514	119,769,621	0.42500
2013	77,618,699	34,970,586	34,472,526	23,669,115	123,392,696	0.42500
2014	78,785,679	35,462,411	36,336,024	24,514,027	126,070,087	0.42500
2015	83,829,426	36,157,621	35,282,087	29,637,310	125,631,824	0.42500

Source - Tax assessor/collector's records.

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.
Tax rates are per \$100 of assessed value.

CITY OF WEST ORANGE, TEXAS

Table 9

PROPERTY TAX RATES - **DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Fiscal Years **(Unaudited)**

Fiscal Year	Tax Year	Direct Rate	Overlapping Rates (1)		Totals
		City of West Orange	West Orange Cove CISD	Orange County (2)	
2006	2005	0.42939	1.58265	0.68542	2.69746
2007	2006	0.42939	1.46040	0.56227	2.45206
2008	2007	0.42939	1.13175	0.54261	2.10375
2009	2008	0.42939	1.43204	0.56469	2.42612
2010	2009	0.42939	1.43204	0.57075	2.43218
2011	2010	0.41934	1.35270	0.64260	2.41464
2012	2011	0.42500	1.28600	0.64006	2.35106
2013	2012	0.42500	1.42774	0.54400	2.39674
2014	2013	0.42500	1.42774	0.54400	2.39674
2015	2014	0.42500	1.42774	0.65905	2.51179

Source - Tax Department records of the various taxing authorities.

(1) Overlapping rates are those of local and county governments that apply within the City of West Orange. Not all overlapping rates apply to all City of West Orange property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

(2) Orange County tax rate includes Orange County Navigation & Port District, Orange County Drainage District, and Orange County Lateral Roads tax rates.

CITY OF WEST ORANGE, TEXAS

Table 10

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago
(Unaudited)

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Wal-Mart Store #00777	\$ 9,625,316	1	7.66 %	\$		%
G E Betz-Betz Dearborn	7,995,120	2	6.36	11,322,820	2	11.15
Wal-Mart Stores Inc.	6,362,970	3	5.06	16,517,243	1	16.27
Granger Chevrolet	4,147,159	4	3.30			
Albanese Real Estate	3,947,108	5	3.14	2,934,745	3	2.89
Entergy Texas, Inc.	2,420,720	6	1.93			
Union Pacific Railroad Company	1,843,710	7	1.47	742,160	6	0.73
EAN Holdings, LLC	1,672,844	8	1.33			
TWE-Advance Newhouse	1,137,320	9	0.89			
Metal Depot, Inc.	1,123,348	10	0.91	624,191	8	0.61
Dupont E.I. De Nemours				1,501,280	5	1.48
Gulf States Utilities				1,662,350	4	1.64
Harmon Chevrolet, Inc.				1,179,890	9	1.16
Bank of the West				638,452	7	0.63
William Cooper Jr.				620,220	10	0.61
Subtotal	40,275,615		32.06	37,743,351		37.18
Other taxpayers	85,356,209		67.94	63,777,257		62.82
Totals	<u>\$ 125,631,824</u>		<u>100.00</u>	<u>\$ 101,520,608</u>		<u>100.00</u>

Source - Tax assessor/collector's records.

CITY OF WEST ORANGE, TEXAS

Table 11

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Tax Rate	Total Tax Levy and Adjust.	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
2006	0.42939	\$ 435,919	\$ 418,785	96.07	\$ 14,253	\$ 433,038	99.34%
2007	0.42939	437,003	423,872	97.00	9,790	433,662	99.24%
2008	0.42939	464,095	445,096	95.91	15,158	460,254	99.17%
2009	0.42939	483,758	465,330	96.19	12,487	477,817	98.77%
2010	0.42939	472,811	438,942	92.84	25,045	463,987	98.13%
2011	0.41934	491,063	466,700	95.04	10,846	477,546	97.25%
2012	0.42500	509,021	481,477	94.59	12,854	494,331	97.11%
2013	0.42500	524,419	496,513	94.68	9,722	506,235	96.53%
2014	0.42500	535,798	509,163	95.03	3,218	512,381	95.63%
2015	0.42500	533,935	510,518	95.61		510,518	95.61%

Source - Tax assessor/collector's records.

CITY OF WEST ORANGE, TEXAS

Table 12

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Sept. 30,	Governmental Activities Capital Leases	Total Primary Government	% of Personal Income *	Per Capita *
2006	\$ 27,289	\$ 27,289	0.07%	7
2007	**	**	**	**
2008	**	**	**	**
2009	**	**	**	**
2010	**	**	**	**
2011	**	**	**	**
2012	**	**	**	**
2013	**	**	**	**
2014	**	**	**	**
2015	**	**	**	**

* See the Schedule of Demographic and Economic Statistics (Table 14) for personal income and population data.

** The City had no outstanding debt.

CITY OF WEST ORANGE, TEXAS

Table 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2015

(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>City of West Orange Share of Debt</u>
West Orange Cove CISD	\$ 53,655,777	5.92 %	\$ 3,177,441
Subtotal, overlapping debt			3,177,441
City Direct Debt			
Total Direct and Overlapping Debt			<u>\$ 3,177,441</u>

Source - West Orange Cove CISD, Orange County

Note - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF WEST ORANGE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 10,152,061	\$ 10,177,289	\$ 10,207,162	\$ 11,266,162
Total net debt applicable to limit				
Legal debt margin	<u>\$ 10,152,061</u>	<u>\$ 10,177,289</u>	<u>\$ 10,207,162</u>	<u>\$ 11,266,162</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation

by Fiscal Year

Assessed value	\$ 101,520,608	\$ 101,772,890	\$ 102,071,624	\$ 112,661,624
Debt limit (10% of assessed value)	<u>10,152,061</u>	<u>10,177,289</u>	<u>10,207,162</u>	<u>11,266,162</u>
Legal debt margin	<u>\$ 10,152,061</u>	<u>\$ 10,177,289</u>	<u>\$ 10,207,162</u>	<u>\$ 11,266,162</u>

Note - Under state finance law, the City of West Orange's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. The City did not have any general obligation debt for the last nine fiscal years.

Table 14

2010	2011	2012	2013	2014	2015
\$ 11,011,230	\$ 11,710,381	\$ 11,976,962	\$ 12,339,270	\$ 12,607,009	\$ 12,563,182
<u>\$ 11,011,230</u>	<u>\$ 11,710,381</u>	<u>\$ 11,976,962</u>	<u>\$ 12,339,270</u>	<u>\$ 12,607,009</u>	<u>\$ 12,563,182</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 110,112,304	\$ 117,103,813	\$ 119,769,621	\$ 123,392,696	\$ 126,070,087	\$ 125,631,824
11,011,230	11,710,381	11,976,962	12,339,270	12,607,009	12,563,182
<u>\$ 11,011,230</u>	<u>\$ 11,710,381</u>	<u>\$ 11,976,962</u>	<u>\$ 12,339,270</u>	<u>\$ 12,607,009</u>	<u>\$ 12,563,182</u>

CITY OF WEST ORANGE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS

Table 15

Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended Sept. 30,	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate
2006	4,111	\$ n/a	\$ n/a	37	2,665	n/a
2007	3,983	72,251,620	18,140	37	2,700	n/a
2008	3,983	72,251,620	18,140	37	2,385	n/a
2009	3,983	69,237,938	17,383	37	2,550	n/a
2010	3,549	68,651,856	19,377	36	2,518	n/a
2011	3,443	66,501,545	19,315	41	3,484	n/a
2012	3,443	58,259,003	16,921	41	2,472	n/a
2013	3,443	58,114,397	16,879	33	2,100	n/a
2014	3,412	61,364,820	17,985	38	3,434	n/a
2015	3,455	75,895,985	21,967	38	2,417	n/a

n/a - information not available.

Data sources:

(1) Bureau of the Census

(2) West Orange Cove CISD

CITY OF WEST ORANGE, TEXAS

Table 16

PRINCIPAL EMPLOYERS

Current Year and Eight Years Ago
(Unaudited)

<u>Employer</u>	<u>2015</u>			<u>2007*</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Employment</u>
Wal-Mart	370	1	17.54%	368	1	22.33%
WOCCISD	86	2	4.08%	205	2	12.44%
Granger Chevrolet	67	3	3.18%	35	6	2.12%
GE Water & Process Technology	48	4	2.28%	45	4	2.73%
STS Bus Service	34	5	1.61%			
Akrotex, Inc.	34	6	1.61%	46	3	2.79%
City of West Orange	23	7	1.09%	25	7	1.52%
Sonic Drive-In	16	8	0.76%	24	8	1.46%
Little Giant/TMRX	7	9	0.33%	16	10	0.97%
Burke's Outlet	6	10	0.28%			
Laidlaw Transit				44	5	2.67%
Goody's				21	9	1.27%
Total	691		32.76%	829		50.30%

Source - City records.

* The requirement for statistical data is for nine years prior; only eight years prior is available at this time.

CITY OF WEST ORANGE, TEXAS

Table 17

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years (Unaudited)

Function	Full-time Equivalent Employees as of September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	6	6	6	5	5	5	5	5	5	5
Public safety										
Police										
Officers	9	9	8	8	9	9	9	9	9	9
Civilians	1	1	1	2	2	2	2	2	2	2
Fire										
Firefighters	0	0	0	0	0	0	0	0	0	0
Civilians	0	0	0	0	0	0	0	0	0	0
Public works										
Streets and sanitation	5	5	8	10	8	8	7	7	7	7
Maintenance and operations	3	3	2	1	1	1	1	1	1	1
Totals	<u>24</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>25</u>	<u>25</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>

Source - City personnel records.

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CITY OF WEST ORANGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years **(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function					
Police					
Arrests	555	555	543	591	721
Accident reports	76	76	68	89	53
Citations	2,136	2,136	1,788	1,099	1,931
Offense reports	1,221	1,221	776	796	827
Calls for service	3,977	3,977	3,794	3,391	3,721
Fire					
Emergency responses	8	8	24	24	11
Fire incidents	19	19	16	23	21
Service calls and other calls	26	26	7	3	20
Automatic aid, mutual aid given	2	2	1	10	15

Source - Various City departments.

Table 18

2011	2012	2013	2014	2015
621	669	595	593	521
58	51	48	62	71
1,562	1,284	1,218	994	1,131
703	1,269	708	611	626
2,895	3,255	2,472	3,274	3,501
34	16	25	14	29
10	15	11	15	10
11	10	26	27	13
18	9	8	11	5

CITY OF WEST ORANGE, TEXAS

Table 19

CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years (Unaudited)

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public safety										
Police										
Stations	0*	1	1	1	1	1	1	1	1	1
Patrol units	9	9	8	6	6	7	7	7	7	7
Fire										
Stations	0*	1	1	1	1	1	1	1	1	1
Public works										
Collection trucks	3	3	3	3	3	3	3	3	3	3
Streets (miles)	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9

Source - Various City departments.

Note - No capital asset indicators are available for the general government function.

* - Police and fire stations destroyed in Hurricane Rita. They were re-constructed in the 2007 fiscal year.